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Thank you, Mr. Chairman and members of the Committee, for inviting me to testify today. I congratulate you on convening this hearing on the important issue of reform and democracy in the Arab world. As someone who has been closely involved with Middle East democracy promotion for nearly a decade as both an analyst and a practitioner of democracy aid programs, I appreciate the opportunity to share with you my thoughts on how the United States most effectively can promote democratic change in Arab countries. I cannot do justice to this complex policy issue in this brief statement. With your permission, I will address the key points associated with crafting and implementing a credible and viable democracy promotion policy in the region. My remarks will not address the question of democracy-building in Iraq or the Palestinian territories, which in many respects are separate policy challenges.

The new U.S. emphasis on promoting democratic reform in the Arab world is welcome and long overdue. Yet, some three and a half years after the September 11, 2001 attacks that fixated U.S. attention on the Middle East democracy deficit, U.S. democracy promotion policy is still very much a work in progress. Despite the bold declarations of President Bush and senior administration officials that democratic change in the Arab world is now a top U.S. priority, the United States has yet to integrate democracy promotion into its bilateral relations with Arab countries, to grapple fully with difficult policy issues, or to devise effective democracy assistance programs. U.S. policy is still marked by a deep hesitancy about the risks associated with a more assertive democracy promotion policy.

In fact, the risks are real, and cannot be wished away. Pursuing a robust democracy promotion policy will mean clashing with incumbent Arab regimes, bringing tension to relationships on which the United States still relies to advance its interests in the region. It means accepting the possibility that political openings may bring instability and may benefit forces that are not friendly to U.S. interests. It means reaching out to a much wider range of actors in Arab societies than the United States is accustomed to engaging. It means hard work on the ground and the commitment of significant resources over a period of many years, without any guarantee of immediate pay-offs to the United States. It also means accepting the limits of U.S. influence. As our experience in Iraq to date demonstrates, simply because the United States has now decided that democratic change in the region is in our national interest does not mean that Arab countries will magically transform themselves in response. We know from democratic transitions around the world that internal conditions are the most important factors in successful democratization, and the internal conditions in the Arab world are not particularly favorable.

Nonetheless, the United States possesses significant influence in the region, and we should wield it, whenever possible, not to impose our choices but to help create opportunities in which Arabs can decide how to move toward more open, participatory, just, and effective governance –in short, toward democracy. Such a transition is in the long-term interest of the United States and Arab countries. Many Arabs themselves want change, popular dissatisfaction with the status quo is only growing and it is difficult to imagine how the current political systems would be able to address successfully the region's complex political, economic, and security challenges. To formulate and implement an effective promotion policy, the United States must strike a balance between reckless action and paralyzing caution and between careful strategy and flexible

opportunism. Given the challenges and newness of the terrain for the United States, much of the effort will be trial and error. At a minimum, however, the United States must be clear about its policy goals, must understand regional realities, and must use its available policy tools wisely.

Policy Goals

The overarching long-term U.S. policy goal should be to promote democratic change in Arab countries, rather than simply political reform or liberalization. This is a strategic, not just a semantic, distinction. Political liberalization essentially refers to a process in which non-democratic governments loosen some controls on political activity, such as by holding controlled elections for institutions without much power, permitting limited civic activism, or allowing greater debate in the media, without loosening their grip on power and without creating a pathway toward democratization –in short, without changing who rules and how. To one degree or another, most Arab governments have been carrying out such reforms since the 1980s and 1990s. Such political liberalization has helped foster greater pluralism in Arab countries and has served as a safety valve for some popular discontent. But the process has not fundamentally altered the political environment in any Arab country. Thus the United States should not endorse such reforms as sufficient and should instead press for deeper and broader changes that expand political competition and extend the boundaries of peaceful political activity and debate, that empower institutions, such as parliaments, that represent citizen interests and that can help to check the power of the executive, that significantly improve human rights conditions, and that make governance more transparent and accountable. Such changes can, over time, create a pathway in which alternatives to ruling regimes can organize and compete for power through democratic elections, and in which democratic institutions of governance can be established – developments that truly would signal a democratic breakthrough in the Middle East.

Such a policy goal does not imply that every Arab country is destined to evolve into a Western-style democracy, Saudi Arabia being the leading such example. But it does suggest that a more democratic future is possible for the numerous Arab republics and monarchies that have in place many of the trappings, but not yet the substance, of democratic systems. A policy that adopts the reform existing systems as its long-term objective effectively endorses the status quo and sends the message that Arabs should never aspire to build new, more democratic orders. Nor does a policy goal of democratic change mean that the United States should suddenly pull out all the stops and recklessly push for abrupt political openings; such an approach would be likely to end in failure. Rather, the task ahead of the United States is to push wisely for incremental but real democratic change.

Regional Realities

The United States must approach the task of democracy promotion with a clear understanding of often sobering regional realities.

--First, while the current reform ferment in the region is genuine, it is also fragile, uneven across the Arab world, and onlyy one aspect of a complex regional political landscape. Contrary to analysis popular in Washington these days, the current ferment did not suddenly originate with the Iraqi elections in January or even with the Bush administration's heightened attention to Middle East democracy since the attacks of September 11, 2001. Rather, it is an intensification of a liberalizing trend that has been ebbing and flowing in the region since the 1980s. Earlier waves of reform have been incomplete and reversible. To be sure, important new factors in the region –including the potential demonstration effect of Iraq, the spread of new technologies including pan-Arab media and the Internet, greater external support for democratic change—may make the current reform wave more promising. Yet, ruling regimes and others determined to preserve the status quo remain extremely strong. Forces pushing for reform are still weak,

lacking in mass support, and easily fragmented and co-opted by regimes. Reformers in many countries increasingly agree on the desirability of political change, but differ on how it should come about as well as on key issues of economic and social policy. Across the region, important constituencies such as labor and business have yet to weigh in on the side of democratic change. Some countries, such as Algeria, Tunisia, and Yemen, have so far been touched only lightly by the ferment. All this points to the need for the United States to avoid declaring a premature victory for a so-called 'Arab democratic spring' and predicting the region's inevitable smooth glide toward democracy, and to acknowledge and plan for the huge challenges that lie ahead.

--Second, in promoting reform the United States must be prepared to work with civil society and other non-governmental forces pushing for change as well as with Arab governments. Pro-reform civil society movements are still too weak to be decisive on their own, and large segments of Arab publics are still too suspicious of U.S. democracy promotion activities to be the leading partner of the United States. Nonetheless, the United States must expand its circle of civil society interlocutors beyond the narrow group of Westernized non-governmental organizations (NGOs) with which it typically deals to include groups with broader local support such as professional associations, political parties, labor unions, and religious institutions. At least until the current circumstances change, Arab governments should be the main focus of U.S. democracy promotion efforts, mainly as targets of U.S. pressure for meaningful reform but also, if promising governmental reform initiatives emerge, as partners.

--Third, democratic change in Arab countries is not necessarily an immediate antidote for Islamist radicalism and terrorism. To be sure, democratic openings in the region would amplify the voices of those who oppose extremism and violence and advocate liberal values, tolerance, human rights, and moderation in religion. But such openings will probably not, in the short and medium-run, compel the followers of Al Qaeda and similar groups to abandon their cultish cause. Those drawn to Islamist radicalism are of such diverse national origin and socio-economic, educational and personal backgrounds that we must assume that they are motivated by reasons that include not only resentment over political repression and exclusion but distorted religious beliefs, thwarted ambition, social alienation, and anger over Muslim countries' weakness *vis a vis* the West. The creation of more open, democratic systems will not, in and of itself, necessarily address these deeper grievances. In addition, as we have seen in Iraq, democratizing countries are often unstable and weakly governed after longstanding security controls dissolve and before a new order takes hold, creating conditions in which violent, radical groups can gain a foothold.

--Fourth, across the Arab world, Islamist opposition groups are major political and social forces with significant popular suppport. While the main focus of U.S. democracy promotion efforts should be to bolster political forces that could pose alternatives to both Islamist groups and incumbent regimes, the United States cannot afford to ignore or try to wish away the presence of Islamists in Arab politics. Instead, over the likely objections of many Arab governments, U.S. officials should begin to engage in regular dialogue with such groups, including those that are already operating in the political sphere openly and legally, such as Jordan's Islamic Action Front or Yemen's Islah Party, and those that remain illegal but whose political participation is sometimes tolerated within strict limits, such as Egypt's Muslim Brotherhood. Such a U.S. policy stance should not include providing support to Islamist groups, most of which would shun such aid anyway, or endorsing their positions. Rather, the purposes would be to learn more about these groups, all of which include a mix of hard-liners and more moderate members who are

endorsing democratic reform and seeking to build coalitions with non-Islamist opposition groups; to identify and build ties to these still-weak moderate forces; to better understand what U.S. policies would contribute to the ascendancy of such forces; and to signal that the United States is willing to accept election victories by Islamists who reject violence and accept democratic rules of the game.

Admittedly, engaging in such dialogue is not an appealing prospect: Islamist groups typically are hostile to U.S. policies in the region and deeply suspicious of U.S. motives in the Middle East, maintain very conservative, even illiberal, attitudes toward the rights of women and religious minorities, and hold vague positions on key elements of democracy such as the rotation of power and the rule of law. It is also risky. There is no guarantee that if Islamist groups gain power through elections they will abide by democratic rules and permit themselves to be voted out of office. Furthermore, dialogue with the United States is hardly going to be the determining factor in the ascendancy or marginalization of moderate Islamist forces: local socio-economic conditions, conflicts in Iraq and the Palestinian territories, and pressures in war on terrorism are all much more decisive influences. However, given the importance of Islamist groups in Arab politics and the importance of mainstream Islamist movements' evolution into moderate actors that operate above ground, reject violence and play by democratic rules, the United States cannot afford not to engage with them even in a limited way. Furthermore, a U.S. policy that excludes them or that countenances their repression by Arab governments contributes to the widespread perception in the region that the United States is "anti-Muslim." Notably, the fact that the United States has just served as midwife to democratic elections in Iraq that produced a victory by Shiite Islamist candidates and an Islamist prime minister, Ibrahim Jaafari, means that the Bush administration will find it difficult to avoid facing the issue of Islamist participation in governance elsewhere in the region.

--Fourth, resentment and even hostility are likely to dominate Arab reactions to U.S. democracy promotion efforts for some time to come, complicating efforts to build partnerships with reformers and frustrating those who expect U.S. democracy promotion to generate much pro-American sentiment. Many reformers are reluctant to accept U.S. funding or otherwise to affiliate with the United States government. Some are skeptical that the United States is serious about pushing for democratic change, given its long history of support for autocrats and its countervailing interests. Others are suspicious of the U.S. government due to the unpopularity of its policies in the region and to fears that Western "democracy promotion" is a guise to weaken Islam and to Westernize Arab culture. Authoritarian governments eager to deflect external pressure for change often play on these concerns to taint reformers who accept U.S. support as national traitors. All this means that the United States cannot pursue democracy promotion with the expectation that its efforts will be welcomed with gratitude, and that it should expect much public criticism and suspicion of its efforts, especially initially, even by the same people who may privately press the United States to push for democracy in their countries. Several steps can help improve the situation somewhat. The United States will gain credibility by doing more than talking about democracy –that is, by making hard decisions and taking difficult steps on behalf of democratic change and human rights, not once or twice, but regularly and over a period of time. U.S. rhetoric that is particularly careful to give credit for change to reformers in the region and that echoes themes and issues important to Arabs themselves will be welcome. Ultimately, much of the antagonism will dissipate only with a broader improvement in relations between the United States and the region, specifically with a stabilization of the situation in Iraq and a resolution of the Israeli-Palestinian conflict.

-- Fifth, each Arab country has its own reform dynamics, opportunities, and challenges, based on its history, socio-economic cconditions, and political landscape. There is no one-size-fits-all

approach to democracy promotion in the Middle East. U.S. strategies to promote democratic change must be country-specific, grounded in local realities, and responsive to local needs and priorities.

Tools

The main tools available to the United States to encourage democratic change in Arab countries are diplomatic engagement and democracy aid. The administration must strive to use both in a mutually-reinforcing fashion because neither on its own will be effective.

--Diplomatic engagement. So far, the Bussh administration's highest-profile diplomatic initiative to promote political, economic and educational reform in the Arab world is the Broader Middle East and North Africa Initiative (BMENA), conceived by the White House and launched by the Group of Eight (G-8) industrialized countries at its June 2004 meeting. Target countries are Arab nations along with Afghanistan, Pakistan, and Turkey. BMENA includes an annual reform summit, titled 'Forum for the Future,' designed to generate reform priorities and commitments on the part of target countries, multilateral dialogues on democracy assistance and other reform-related aid, and donor-sponsored programs in areas such as microfinance and literacy. BMENA, which has so far convened once, in Rabat, last December, has some potentially valuable aspects. It signals to Arab governments that political reform is a transatlantic, not just an American, priority. It can help to foster a sense of competition among Arab governments on reform, as participating countries vie to be in the reform spotlight at BMENA gatherings and collect accolades from donor nations. The inclusion of civil society activists and representatives of the private sector --albeit only those carefully vetted by the United States and by Arab governments-- in some Forum for the Future meetings helpps to legitimize the role of non-governmental voices in the reform debate and injects new ideas into the discussion.

Overall, however, BMENA is of rather limited use. For one thing, most Arab countries resent BMENA or do not take it seriously. Unlike the Cold War's Helsinki process, on which BMENA reportedly was modeled and which incorporated issues important to the Soviet Union, BMENA addresses Western government's security needs –reform—but not target Arab governments' regional priorities, namely the Arab-Israeli conflict, weapons proliferation, Iraq, emigration, or terrorism. It also lacks a clear source of funding. This deprives BMENA of any real incentive for Arab governments to participate and any real leverage to press them to make actual progress on reform. Arab regimes also oppose being "lumped together" with non-Arab Muslim countries such as Turkey or Afghanistan with which they feel they have little in common, and view the very concept of a "broader Middle East" as an attempt to weaken Arab identity. For another, as with Arab League meetings, BMENA's regional nature means that in order to secure the endorsement of Arab countries as different as Saudi Arabia and Tunisia, its reform declarations –such as "advancing relations between the region's governments and civil society"-- will be so general and watered down as to be meaningless at the level of individual coountries, effectively giving Arab governments an easy way to wiggle out of agreeing to specific reforms they would prefer to avoid. For all these reasons, BMENA risks being simply a talk shop, one that absorbs large amounts of U.S. officials' time with little payoff.

More promising is the investment of American political capital at the bilateral level, through the launching of policy dialogues on political reform with individual Arab governments. Such dialogues should reflect local priorities and revolve around specific reforms that would:
--expand political contestation (for example by legalizing new political parties or improving the quality of elections), >
--empower representative institutions (for instance by expanding the powers of local governments and parliaments), >

--improve human rights conditions (by implementing reforms in criminal procedure, improving prison conditions, and strengtheniing human rights watchdog groups); and
--promote pluralism and open up space for peaceful political activity (by allowing independent media, protecting journalists' rights, and reducing state control over civil society organizations).

U.S. embassy officials should also meet regularly with a wide range of non-governmental organizations, political parties, and other opposition groups to solicit their views on political reform and to send a clear message that Arab governments are not the U.S.'s only interlocutor on these issues. In addition, reform topics –as specific as possible-- should be on the talking points of every high-level meeting between U.S.> and Arab officials, both in the region and in Washington.

Most Arab governments are not going to carry out such reforms simply because the United States raises them in a policy dialogue. Therefore, the United States should be prepared, at key strategic moments, to supplement dialogue with diplomatic sticks and carrots. These could include postponing or canceling or scheduling important visits, slowing or speeding up the dispersal of economic or military aid, and withholding action on or pushing for economic and trade issues important to Arab governments. The United States should also consider the option of conditioning economic or military aid on political reforms, recognizing that such conditionality is often less effective than imagined due to the local backlash and nationalist sentiment it can spark and to the difficulty of devising and measuring reform benchmarks.

Public rhetoric is an essential supplement to private diplomacy. Going forward, more important than President Bush's broad exhortations about the need for freedom and liberty in the Middle East are regular statements by senior U.S. officials –including the President when appropriate— about specific political reform issues in specific countries, because they are harder for Arab governments to ignore. To avoid over-praising modest or cosmetic reform steps, as the United States often has tended to do, public statements should be carefully calibrated to welcome Arab governments' reformist promises or moves, while indicating that the United States expects further progress. Recent U.S. statements on political reform in Egypt have struck an appropriate balance in this regard. The United States should also make every effort to speak out not just on behalf of individual reform advocates it happens to favor, such as Ayman Nour, the pro-Western leader of Egypt's liberal Al Ghad party whom the Egyptian government arrested earlier this year, but also on behalf of broader themes of due process and political and civil rights for all Arab citizens.

Would pressuring Arab governments to implement significant political reform jeopardize key U.S. interests in other areas, such as economic cooperation, Arab-Israeli peace-making, or counter-terrorism? Frankly, it is impossible to predict exactly how each Arab government would react, because there is no precedent for it in U.S. Middle East policy. At a minimum, an assertive U.S. democracy promotion policy is likely to introduce significant tension into U.S. relations with Arab regimes, in some cases exacerbating existing antagonisms over the Iraq war or September 11. These tensions undoubtedly will complicate U.S. diplomacy on Iraq, the Palestinian-Israeli peace process, and other issues; some Arab governments may unleash anti-American vitriol in the state-run media, or refuse to acquiesce to U.S. requests for assistance in areas they do not consider vital interests. But cooperation on issues that Arab governments consider crucial to their own interests –such as counter-terrorism, oil and gas production, or economic ties—probably will continue, albeit under strained circumstances. And more to the point, would such pressure have an effect? The impact will be greatest when it coincides with and reinforces indigenous demands for change. Realistically, the United States should be prepared for some Arab governments to dig in their heels and resist outside pressure in the name of national sovereignty.

--Democracy aid. Democracy assistance is the second pillar of a U.S. democracy promotion strategy. Aid should be directed primarily to non-governmental organizations and institutions with as little interference in project selection and implementation by host-country governments as possible. When appropriate, some democracy assistance can also go to promising government-led initiatives that emerge from governments, such as independent electoral commissions, human rights commissions, parliamentary research centers, or media oversight councils. What should be avoided are aid projects that inadvertently help to strengthen the tools of authoritarian control, such as support to corrupt electoral authorities or closed state-run media.

The administration's flagship reform-oriented aid program, the two-and-a-half year-old Middle East Partnership Initiative (MEPI), is a promising concept but so far has struggled to achieve its full effectiveness. MEPI suffers from a number of problems. As a program under the direct control of the State Department, it has low credibility in the region, is unlikely to fund projects that Arab governments don't like but that may be needed to help to push open political systems, such as support for opposition parties or robust election observation, and is open to misuse as a tool to advance other regional policy goals. This is the worst of all worlds and too many directions for an aid program to be pulled in simultaneously. Although MEPI originally was designed primarily to promote local, grass-roots Arab reform initiatives, much of its funding has been awarded to American organizations working in the region. Finally, the challenge of promoting democratic change in the authoritarian countries of the Middle East requires especially thoughtful, strategic and innovative projects that are carefully devised for each country context and in some cases that take programmatic risks. However, MEPI does not appear to operate in such a strategic manner, instead funding mostly a hodge-podge of short-term projects that are not particularly cutting-edge and that sometimes even replicate unsuccessful democracy aid programs already implemented in Arab countries. Finally, MEPI does not have a significant on-the-ground presence of staff who are deeply knowledgeable about democracy promotion and Arab political culture or who will remain in their positions long enough to conquer a steep learning curve.

For all these reasons, as a leading expert has already recommended and MEPI officials reportedly are already considering, MEPI should be transformed into a private foundation similar to the Asia Foundation. 1[1] Although still funded by Congress, such a foundation would not have the stigma of being an arm of the U.S. government that is so damaging in the Arab world these days, nor would it be forced to work within the narrow confines or short-term demands of U.S. policy. This would help it establish credibility and reach out to a more diverse group of Arab partners. A foundation would be more successful at attracting long-term staff who are experts in the region and in democracy aid and who would run MEPI programs out of offices in each Arab country. Because U.S. officials do need to have the ability to spend reform funds directly, a portion of funds from the MEPI pot should be available annually to the Department of State and the U.S. Agency for International Development.

A note on the paradox of MEPI funding is in order here. MEPI has received close to $294 million in funding since its inception in FY 2002. In one sense, at just $73.5 million per year for expenditure in as many as 13 countries, this amount appears quite meager in light of the administration's declared priority of transforming the Middle East: it is a fraction of U.S. military aid and of Iraq reconstruction funds. Indeed, Arab commentators have harshly criticized MEPI funding as a pittance. Yet at the same time, MEPI often has struggled to spend the funds it does have. In part this was due to slow start-up; the initiative is running much more smoothly now. But it also reflects a deeper challenge: the limited absorptive capacity for reform aid of most Arab countries. Unlike Eastern European countries after the disintegration of the Soviet

Union, these are not societies undergoing sweeping and rapid political, social and economic transformations in which huge amounts of outside aid is easily absorbed and productively used. At most, they are authoritarian countries with modest political openings and limited numbers of viable aid counterparts. While MEPI certainly would welcome a boost in its aid or at least assurances of annual funding, given this reality at this stage it is more important to spend limited MEPI funds wisely and strategically than to pour in huge amounts of aid that is not likely to have much effect.

--Additional tools. Congress has a valuaable role to play in supporting the administration's reform policies, by holding hearings on democratic change in the region; by hosting reformers from the region; by issuing statements in support of Arab dissidents; by raising reform with Arab governments during members' visits to the region; by appropriating reform aid wisely%